

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 051997
ORIGIN EB-03

INFO OCT-01 ISO-00 /004 R

66011

DRAFTED BY: EB/OT/GCP:SLYNN

APPROVED BY: EB/OT/GCP:SAHMAD

-----100558Z 089441 /14

R 091435Z MAR 77

FM SECSTATE WASHDC

INFO USMISSION GENEVA 0000

LIMITED OFFICIAL USE STATE 051997

FOLLOWING IS REPEAT KUALA LUMPUR 1320, SENT SECSTATE, INFO
BANGKOK, JAKARTA, HONG KONG, MANILA, SINGAPORE, TOKYO 03 MAR:

QUOTE LIMITED OFFICIAL USE KUALA LUMPUR 1320

E.O. 11652: N/A

TAGS: ASEAN, ECON, EALR, EIND, ETRD, MY

SUBJECT: TEXT OF MINISTRIAL AGREEMENT ON ASEAN PREFERENTIAL
TRADING ARRANGEMENTS

1. SUMMARY: THE TEXT OF THE SUBJECT AGREEMENT RECENTLY SIGNED
IN MANILA FURTHER DEFINES THE WAYS, MEANS AND DIRECTION OF ASEAN
ECONOMIC COOPERATION BUT LEAVES IMPLEMENTATION TO SUBSEQUENT NEG-
OTIATIONS. THE NUMBER OF CAVEATS CONFIRMS THE HESITANCY OF SOME
MEMBER COUNTRIES. SOME PROVISIONS APPEAR DISCRIMINATORY BUT EXTENT
OF ADVERSE EFFECT ON U.S. TRADE EXPECTED TO BE SMALL. AGREEMENT
EXPECTED TO BE USED TO DEMONSTRATE PROGRESS ON ANNIVERSARY OF
BALI SUMMIT.

2. WE HAVE BEEN PROVIDED DRAFT OF BASIC AGREEMENT ON ASEAN PREFEREN-
TIAL TRADING ARRANGEMENTS SIGNED BY ASEAN FOREIGN MINISTERS IN
MANILA ON FEBRUARY 24. PRINCIPAL POINTS ARE SUMMARIZED BELOW.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 051997

COPY OF TEXT BEING POUCHED TO ALL ADDRESSEES.

3. MINISTERS AGREED THAT COUNTRIES WOULD COOPERATE WITH RESPECT
TO BASIC COMMODITIES, ESPECIALLY FOOD AND ENERGY; PROVISION OF MARKET
SUPPORT FOR PRODUCTS OF ASEAN INDUSTRIAL PROJECTS; EXPANSION OF
INTRA-ASIAN TRADE AND INCREASE IN USE OF RAW MATERIALS AVAILABLE
IN REGION. THEY SPECIFICALLY AGREED TO ADOPT FOLLOWING INSTRU-

MENTS FOR PREFERENTIAL TRADING AGREEMENTS: LONG-TERM QUANTITY CONTRACTS; FINANCIAL SUPPORT AT PREFERENTIAL INTEREST RATES FOR PURCHASES; PREFERENCE IN PROCUREMENT BY GOVERNMENT AGENCIES; EXTENSION OF TARIFF PREFERENCES; LIBERALIZATION OF NON-TARIFF BARRIERS, AND OTHER MEASURES.

4. WITH RESPECT TO PREFERENCES FOR PROCUREMENT OF GOVERNMENT TENDERS, MINISTERS AGREED TO SEND ATO CONTRACTING STATES PRE-TENDER NOTICES FOR INTERNATIONAL TENDERS ON PROCUREMENT BY GOVERNMENT ENTITIES AND TO QUOTE ACCORD EACH OTHER A PREFERENTIAL MARGIN OF 2 AND ONE-HALF PERCENT WHICH SHOULD NOT EXCEED U.S.\$40,000 WORTH OF PREFERENCES PER TENDER IN RESPECT OF INTERNATIONAL TENDERS FOR GOVERNMENT PROCUREMENT OF GOODS AND AUXILLIARY SERVICES FROM UNTIED LOANS SUBMITTED BY ASEAN COUNTRIES VIS-A-VIS NON-ASEAN COUNTRIES. END QUOTE.

5. OTHER IMPORTANT POINTS IN AGREEMENT AS FOLLOWS: TARIFF PREFERENCES TO BE ACCORDED ON PRODUCT-BY-PRODUCT BASIS; CONCESSIONS TO BE EXTENDED ON AN ASEAN MOST-FAVORED NATION BASIS; SUPPLEMENTARY AGREEMENTS WILL SPELL OUT EXTENT AND NATURE OF PREFERENCES TO BE ACCORDED TO PRODUCTS OF ASEAN INDUSTRIAL PRODUCTS; ASEAN COUNTRIES SUFFERING SERIOUS INJURY MAY SUSPEND PREFERENCES.

6. ASEAN COMMITTEE ON TRADE AND TOURISM HAS BEEN TASKED WITH CONDUCT OF NEGOTIATIONS TO IMPLEMENT PREFERENTIAL TRADING ARRANGEMENTS OUTLINED IN THIS AGREEMENT. COMMITTEE'S DECISIONS WILL BE BY CONSENSUS AND ASEAN SECRETARIAT WILL MONITOR IMPLEMENTATION OF AGREEMENT. IN CASE OF DISPUTES, COMMITTEE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 051997

MAY, AT REQUEST OF DISPUTANTS, PLAY MODERATOR'S ROLE. THIS NOTWITHSTANDING, ANY ASEAN COUNTRY MAY UNILATERALLY SUSPEND ANY CONCESSION IF IT FEELS CIRCUMSTANCES SERIOUS ENOUGH TO WARRANT SUCH A STEP.

7. COMMENT: SINGAPORE HIGH COMMISSION HERE SAYS THAT DRAFT AGREEMENT WAS SIGNED WITHOUT SIGNIFICANT CHANGES. BY ESTABLISHING A FRAMEWORK FOR PREFERENTIAL TRADING ARRANGMENTS AND DESIGNATING A SPECIFIC ENTITY TO CONDUCT TRADE NEGOTIATIONS, THE AGREEMENT REPRESENTS A SMALL BUT IMPORTANT STEP FORWARD IN THE SLOW DEVELOPMENT OF ASEAN ECONOMIC COOPERATION. HOWEVER, THE LARGE NUMBER OF CAVEATS, EXCEPTIONS AND RESERVATIONS, THE INCLUSION OF A LIBERAL ESCAPE CLAUSE PROVISION AND THE ADOPTION OF A COMMODITY-BY-COMMODITY APPROACH IN ACCORDING TARIFF PREFERENCES CONFIRMS THAT A LOWEST-COMMON-DENOMINATOR APPROACH WAS REQUIRED TO REACH AGREEMENT AND SUGGESTS THAT IMPLEMENTATION OF THE AGREEMENT WILL BE SLOW AND THE COVERAGE NARROW.

8. ARTICLE 8 PARA 2 OF THE AGREEMENT STATES THAT WHERE TARIFF

PREFERENCES "HAVE BEEN NEGOTIATED" ON MULTILATERAL OR BILATERAL BASIS, SUCH CONCESSIONS SHOULD EXTEND TO ALL ASEAN STATES ON MFN BASIS. WE ARE UNCERTAIN WHETHER THIS LANGUAGE REPRESENTS IMPRECISE DRAFTING OR A DELIBERATE INTENT TO EXCLUDE ANY TARIFF PREFERENCES WHICH MAY BE NEGOTIATED IN THE FUTURE.

9. THE P43-TENDER NOTICES TO CONTRACTING STATES APPEAR DISCRIMINATORY, ALTHOUGH THE ACTUAL DAMAGE TO U.S. TRADE IS EXPECTED TO BE SMALL OR NOMINAL. SIMILARLY, IN OUR VIEW, THE PREFERENTIAL MARGIN ON GOVERNMENT PROCUREMENT APPEARS DISCRIMINATORY BUT IS NOT EXPECTED TO SERIOUSLY HAMPER US BIDDERS SINCE ASEAN FIRMS DO NOT GENERALLY REPRESENT OUR MOST SERIOUS COMPETITION AND THE SMALL MARGIN OF PREFERENCE WOULD BE EFFECTIVE ON ONLY SMALLEST TENDERS WHICH ARE GENERALLY OF LEAST INTEREST TO US FIRMS.

10. THE CONTRACTING PARTIES ARE UNDOUBTEDLY AWARE OF THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 051997

REALITIES OF LDC VOTING POWER IN THE GATT. WE DOUBT, THEREFORE, THAT THE EVENTUAL NEED TO CONSIDER THE AGREEMENT IN THAT FORUM HAD ANY SIGNIFICANT BEARING ON THE FORMULATION OF THE AGREEMENT.

11. BY LEAVING IMPLEMENTATION FOR SUBSEQUENT NEGOTIATION, THE MEMBER COUNTRIES OF ASEAN WERE ABLE TO ARRIVE AT AN AGREEMENT WHICH FURTHER DEFINES THE DIRECTION OF ASEAN ECONOMIC COOPERATION. THE EXISTENCE OF THE AGREEMENT WILL NO DOUBT BE USED ON THE ANNIVERSARY OF THE BALI SUMMIT TO DEMONSTRATE THE EXTENT OF PROGRESS IN THIS AREA. END COMMENT. UNDERHILL UNQUOTE. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, ECONOMIC COOPERATION, REGIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE051997
Document Source: CORE
Document Unique ID: 00
Drafter: EB/OT/GCP:SLYNN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770082-0032
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770377/aaaacpst.tel
Line Count: 151
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bccdd1ba-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3160173
Secure: OPEN
Status: NATIVE
Subject: TEXT OF MINISTRIAL AGREEMENT ON ASEAN PREFERENTIAL TRADING ARRANGEMENTS
TAGS: ECON, EALR, EIND, ETRD, MY, XC, ASEAN
To: GENEVA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/bccdd1ba-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009